

## Notice of Forthcoming Rulemaking to Establish Vehicle GHG Emissions and CAFE Standards by US EPA and US DOT

On May 19<sup>th</sup>, President Obama announced that the U.S. Environmental Protection Agency and the U.S. Department of Transportation intend to work together to jointly develop a rulemaking to reduce greenhouse gas emissions to 250 g/mile\* and increase fuel economy levels of passenger vehicles to 35.5 miles per gallon through model year 2016 – four years earlier than required by the 2007 Energy Information and Security Act (EISA). This action reflects a groundbreaking agreement between the US government, the State of California, and the auto manufacturers to unify regulation of the auto industry. One key aspect of the agreement is that if EPA does grant California’s waiver request, California has agreed that it will defer to the proposed national standard. This action has historical significance as it is the first time EPA has announced a regulation to control greenhouse gas emissions from a specific source under the Clean Air Act.

### *Key Elements of the Program*

- **Pollutants:** The US EPA will regulate greenhouse gas emissions from passenger vehicles (including medium-duty passenger vehicles up to 10,000 pounds). The EPA program includes CFCs from air conditioners. The DOT fuel economy program will not include non-CO<sub>2</sub> GHG emissions, and thus there is likely to be a difference in the standards when both are compared on the same metric (GHG or fuel economy).
- **Stringency:** The notice states that based on initial evaluations by EPA and DOT, there is a “strong technical basis to proceed with consideration of a proposal containing a MY 2016 GHG standards that would on average achieve 250 gram / mile CO<sub>2</sub>,” which translates into 35.5 mpg in model year 2016. This level is similar to the stringency of California’s greenhouse gas emission standards (see attached chart). The rate of improvement is quite aggressive at approximately 5 percent per year.
- **International Context:** The ICCT has updated its chart that compares the GHG emission and fuel economy standards of major regulatory programs to reflect the new 250 gCO<sub>2</sub>/mile standards described in the notice. The chart converts all regulatory programs to the European test cycle, so the U.S. agreement for 250 gCO<sub>2</sub>/mile is equivalent to about 172 gCO<sub>2</sub>/km when miles are converted to kilometers and adjusted to the European driving cycle. Considering that other countries tend to have much smaller and lower performance vehicles, this action is likely to make the U.S. one of the technology leaders.
- **Regulatory Design:** The notice indicates that EPA will adopt the DOT’s method of linking numerical standards with vehicle size or footprint (i.e., the area defined by the wheelbase). This is a significant difference from the California program that sets standards according to weight-based vehicle classes.

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\* 172 g/km as measured on the New European Driving Cycle (NEDC). Corresponding US equivalent number is 156 g/km.

- Climate Change and Oil Security Benefits: The forthcoming rule is expected to produce cumulative savings of 890 million metric tons of greenhouse gas emissions and approximately 1.8 billion barrels of oil over the lifetime of the vehicles covered.

